

CITY OF COLLEGE PLACE
Walla Walla County, Washington
January 1, 1991 Through December 31, 1992

Schedule Of Findings

1. City Officials Should Comply With Beneficial Interest Statutes

Bernard Yanke is the current mayor of the City of College Place. He is also an employee of Doyle Electric Co. Doyle Electric Co. was a subcontractor on the recently constructed municipal building. Mr. Yanke, following architect advice, approved contract change orders for work by Doyle Electric during 1992 in the amount of \$13,479.

Mr. Yanke directly benefited from the Doyle Electric Co. contract change orders because he is covered under a profit sharing retirement plan by Doyle Electric Co. There was no public disclosure of his interest in the contract. There was no vote taken on approval of the contract change orders as that was the sole responsibility of the mayor. Payments were approved by the council through the normal payment process, however in our opinion, that does not dilute the conflict of interest.

RCW 42.23.030 prohibits a municipal officer, such as the mayor, from directly benefiting from any contracts made under his supervision if the amount exceeds \$9,000 per year. It also requires that officer to publicly disclose such contracts and to refrain from voting on those contract authorizations.

Mr. Yanke did not see a beneficial interest problem with the Doyle Electric Co. contract because Doyle Electric Co. was a subcontractor to Hamre Construction, the general contractor. In our opinion, the layers of contractors have no effect on the application of the beneficial interest statute.

The beneficial interest statute, if followed, establishes control over the expenditure of construction funds. An independent person must review the contractor's performance to give assurance within the internal control system that the work is completed or the service performed prior to payment. Mr. Yanke was not independent for work performed by Doyle Electric Co. At the time of the audit, two areas of the Doyle contract were not complete. Paid for but incomplete was work for installation of an outdoor security camera and installation of system wide surge protection.

We recommend that Mr. Yanke follow the statute related to beneficial interest. We also recommend the council review listings of contractors and subcontractors for beneficial interest compliance with that statute.